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CENTRAL INTELLIGENCE AGENCY

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| OF THE UNITED S AND 794, OF THI LATION OF ITS (| CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE TATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 E.U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVE- CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS AW. THE REPRODUCTION OF THIS FORM IS PROPHIBITED. | ALUATED INFORMA | TION | | | |

- 25X1
- 1. Since July 1952 the Chinese Communists have faced difficulties in the movement and distribution of railway rolling stock. This has been caused primarily by the unbalanced flow of commodities from South China to North China and Manchuria. Shipping Administration officials of the Ministry of Railways state that north-bound trains have been fully loaded but south-bound trains are often not fully loaded. The large number of trains designated for through service to the Sino-Soviet border have also disrupted the transportation service normally controlled by the various railway offices.
- 2. The preponderance of north-bound traffic has been caused by:
 - a. The large shipment of food and timber from South China to meet industrial construction requirements in North China and Manchuria.
 - b. The overland export of special products, including fruits and non-ferrous ores, to fulfil trade agreements with the USSR and Eastern European countries.
 - . The increased shipment of military supplies to Korea.
 - d. The decrease of coal shipments to South China. Increased coal production in South China has curtailed coal shipments from North China southward.
- 3. The Ministry of Railways has not found a solution to this problem. It has issued temporary instructions to speed up shipments to facilitate the movement of railway cars, and to exort strenuous efforts in obtaining goods for south-bound trains.

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